

Message Text

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PAGE 01 LIMA 01880 022255Z

ACTION IO-14

INFO OCT-01 ARA-10 ISO-00 SSO-00 INRE-00 USIE-00 L-03

FRB-03 OMB-01 ITC-01 SP-02 AGRE-00 AID-05 CIAE-00

COME-00 EB-08 INR-10 LAB-04 NSAE-00 OIC-02 SIL-01

STR-07 TRSE-00 CEA-01 SS-15 /088 W

-----094666 022259Z /75

O P 022228Z MAR 78

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 8975

INFO USMISSION GENEVA PRIORITY

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E.O. 11652: N/A

TAGS: EFIN UNCTAD PE

SUBJ: UNCTAD TDB MINISTERIAL AND DEBT

REF: A. STATE 52012, B. LIMA 1777, C. LIMA 1801

1. SUMMARY: WE BELIEVE FONMIN DE LA PUENTE WILL TAKE LOW-PROFILE APPROACH IN SUPPORT OF G-77 VIEWS ON LDC DEBT ISSUE, MINDFUL OF PERU'S CURRENT FINANCIAL CRISIS AND URGENT NEED FOR EXTERNAL BALANCE OF PAYMENTS ASSISTANCE. USG VIEWS ON DEBT ISSUE (REF A) DISCUSSED WITH FONOFF UNDER SECRETARY WHO WILL PASS THEM ON TO FONMIN PRIOR TO HIS FEBRUARY 3 DEPARTURE. WE SEE MERIT IN UNDER SECRETARY COOPER-FONMIN DE LA PUENTE BILATERAL IF TIME PERMITS, GIVEN CURRENT SEVERE ECONOMIC PROBLEMS PERU FACING AND KEY ROLE DE LA PUENTE PLAYS AS PRESIDENTIAL ADVISOR. END SUMMARY.

2. EMBASSY ECON COUNSELOR CALLED ON UNDERSECRETARY FOR ECONOMIC AFFAIRS AMBASSADOR JUAN DE LA PIEDRA, MINISTER OF FOREIGN AFFAIRS, ON FEBRUARY 2 TO DISCUSS USG VIEWS ON DEBT ISSUE. NON-PAPER BASED ON REF A LEFT WITH AMBASSADOR DE LA PIEDRA, WHO EXPRESSED GRATITUDE FOR TIMELY
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EXPOSITION OF USG VIEWS AS FOREIGN MINISTER DE LA PUENTE DEPARTS FOR EUROPE FEBRUARY 3 (LIMA 1755). AMBASSADOR DE LA PIEDRA SAID THAT HE WOULD TRANSMIT OUR VIEWS TO FONMIN IMMEDIATELY.

3. IN CONVERSATIONS WITH AMBASSADOR DE LA PIEDRA AND FERNANDO GUILLEN, DIRECTOR OF INTERNATIONAL ECONOMIC

AFFAIRS AT FONOFF, WE HAVE GOTTEN THE CLEAR IMPRESSION THAT, WHILE PERU WILL GENERALLY ADHERE TO G-77 LINE ON LDC DEBT ISSUE, IT WILL DO SO IN A LOW-KEY WAY AND WILL NOT TAKE A LEADERSHIP POSITION AT THE FORTHCOMING UNCTAD MEETING. PERUVIANS SEEM WELL AWARE THAT NOT ONLY THEIR DISCUSSIONS WITH THE IMF CONCERNING THE SECOND TRANCHE OF THE STANDBY ARRANGEMENT (ARTICLE VIII CONSULTATIONS WERE JUST COMPLETED HERE ON FEBRUARY 28) BUT ALSO THEIR NEGOTIATIONS WITH COMMERCIAL BANKS FOR SOME \$260 MILLION IN 1978 BALANCE OF PAYMENTS ASSISTANCE ARE AT A VERY DELICATE JUNCTURE, AND THAT THIS MIGHT NOT BE AN APPROPRIATE TIME TO OVER-INDULGE IN G-77 RHETORIC. ON THE OTHER HAND, THE PERUVIANS APPARENTLY REMAIN IDEOLOGICALLY COMMITTED TO LDC (CERTAINLY LLDC) DEBT RELIEF ON A MORE GENERALIZED BASIS, AND WILL PROBABLY REFLECT THIS DIFFERENCE WITH USG THINKING IN THEIR UNCTAD INTERVENTIONS. WE DID NOT DETECT ANY HIGH EXPECTATION ON THEIR PART FOR MAJOR POLICY CHANGES BY DCS ON THE DEBT ISSUE. GOP OFFICIALS ARE MOST PLEASED THAT UNDER SECRETARY COOPER WILL HEAD USDEL. REFS B AND C LIST PERUVIAN DEL.

4. COMMENT: GIVEN SEVERE ECONOMIC PROBLEMS FACING PERU, AND KEY ROLE FONMIN DE LA PUENTE PLAYS AS A PRESIDENTIAL ADVISOR ON ECONOMIC AS WELL AS FOREIGN POLICY MATTERS, WE SEE MERIT IN AN UNDER SECRETARY LIMITED OFFICIAL USE

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COOPER-FONMIN DE LA PUENTE BILATERAL IF TIME PERMITS.
DECON 3-2-79.
PREGG

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NNN

Message Attributes

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